

FISCAL NOTE

HB 2333 - SB 2317

March 15, 2005

SUMMARY OF BILL: Enacts the *Voluntary Pre-K for Tennessee Act of 2005*. Each LEA is authorized and may provide for enrollment in Pre-K programs for any child who is four-years of age on or before September 30, residing in the geographic area served by the LEA. LEAs would be authorized to contract and collaborate with non-school entities to operate Pre-K programs. LEAs would be authorized to apply to the Department of Education for funding and approval of such programs (both preexisting and new programs). The programs would be awarded on a competitive basis subject to funding. Any LEA receiving state funds for Pre-K programs under this bill would be required to provide local matching funds, including in-kind matches, based on the applicable BEP classroom component ratio (75% state, 25% local). Any LEA that applies for a Pre-K program under this bill would be required to do the following:

- Include a statement of intent and a long-range plan to serve all four-year olds in the LEA's area.
- Create a community Pre-K Advisory Council that includes representatives from the local school board, parents, teachers, non-profit and for-profit child care providers, Head Start, local business persons, and local government funding bodies.

The Department of Education is required to create an Office of Early Learning to, among other things, administer the Pre-K program, provide oversight monitoring, technical assistance, and training for classroom providers, and create a grant to encourage individuals to become certified pre-kindergarten teachers.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Increases the expenditures of lottery proceeds earmarked for scholarships and grants by \$25,000,000 for a Voluntary Pre-K Program

Reflected in Governor's 2005-06 Recommended Budget

State Revenues/Expenditures from Lottery Proceeds:

**\$1,500,000 Department of Education
\$23,500,000 LEAs**

**Increase Local Govt. Expenditures – \$7,825,000 in Local Funds
and/or In-kind Donations/Permissive**

Assumptions:

- The total generated funding would be approximately \$31,300,000: \$23,500,000 in state funds (75%) and \$7,800,000 in local funds and/or in kind donations (25%).
- This amount would fund approximately 313 classrooms (6,260 children).
- Participation in the Pre-K program authorized by this bill is *voluntary* on the part of both the LEAs and the parent; therefore, the impact will depend on the number of LEAs that apply for and receive program funding and the number of programs/classrooms each LEA supports.
- Since the bill allows “in-kind” matches to comprise the local contribution, only a portion of the estimated increase in local expenditures would likely be in actual local dollars spent. This portion could vary greatly across participating LEAs, depending upon the applicable resources available to each one.
- The cost to the Department of Education for staff, programming, and the establishment and maintenance of the Office of Early Learning is estimated to be \$1,500,000 in FY2005-06. Second year costs are estimated to be \$1,330,000.
- Assumes the impact to create the community Pre-K advisory councils will be not significant since members will volunteer their time.

For information purposes:

1. According to the 2000 Census, there were 75,998 four-year-olds in the state of Tennessee.
2. The state’s program requirements for pre-kindergarten programs set the maximum class size (for four-year-olds) at 20 students.
3. Based upon the current costs of the TN pilot pre-kindergarten program, the Department of Education estimates each pre-kindergarten program classroom will cost approximately \$100,000, which includes a teacher, teacher aide, and other expenses.
4. Currently, there are approximately 375 pre-kindergarten classrooms serving 6,500 children in programs provided by LEAs. This includes 148 pre-kindergarten pilot classes funded by the state. The remaining classes are funded with Title I and local funds.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with a long horizontal stroke at the end.

James W. White, Executive Director